



NORTH CAROLINA GENERAL ASSEMBLY

Session 2019

Fiscal Analysis Memorandum

CONFIDENTIAL

Requestor: Representatives Howard, Setzer, and Szoka
Analyst(s): Cara Bridges
RE: HB 421 PCS - Promote North Carolina Sawmills

SUMMARY TABLE

FISCAL IMPACT OF H.B.421 PCS					
	<u>FY 2019-20</u>	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>
State Impact					
General Fund Revenue	No Estimate Available - Refer to Fiscal Analysis section				
Less Expenditures	309,494	112,502	112,502	112,502	112,502
General Fund Impact	(309,494)	(112,502)	(112,502)	(112,502)	(112,502)
NET STATE IMPACT	(\$309,494)	(\$112,502)	(\$112,502)	(\$112,502)	(\$112,502)
STATE POSITIONS	2.00	1.50	1.50	1.50	1.50

FISCAL IMPACT SUMMARY

This bill requires the Department of Insurance (DOI) to register and track individuals authorized to mill and sell ungraded lumber. To implement the bill, DOI will incur nonrecurring expenses related to updating existing information technology systems (\$150,000) and hiring a part time engineer to develop training materials (\$46,992). In addition, DOI will need ongoing funding for a Staff Development Specialist (\$86,307), who will provide training to individuals who wish to register with the State and a part time Administrative Associate (\$26,195) to provide administrative support for the program. The total cost for implementation in the first year is \$309,494, and the ongoing cost beginning in the second year is \$112,502. The bill will also generate new revenues to the State from a \$200 registration fee. It is unknown how many individuals will choose to register for this program, therefore there is no estimate available for the amount of additional revenue.

FISCAL ANALYSIS

This bill establishes a program that allows individuals to mill and sell ungraded lumber for constructing certain residential dwellings. DOI is directed to approve a training program for these

individuals and certify and track those authorized to sell the products. Individuals must pay a registration fee of \$200 and complete the required training once every seven years.

To implement the requirements in this bill, DOI will need to either approve a training course for individuals or create a course. This analysis assumes DOI will develop and offer the training course and will therefore need one new position, a Staff Development Coordinator (Salary Grade GN 12) at \$86,307 per year. In addition, DOI will need assistance from a Dendrologist or structural engineer to develop the training materials. An Engineer II hired for 6 months (Salary Grade GN 14) would cost \$46,992. This analysis assumes the training materials could be developed in six months and would not need to be updated on an annual basis. If substantial changes to the State's Building Code or to lumber mill practices occur, DOI would need additional nonrecurring funding to hire outside expertise to update the training materials.

In addition, DOI will need to update its information technology (IT) system to allow tracking of the individuals who are registered to sell ungraded lumber. DOI estimates that it will cost \$150,000 to update the IT system in-house. In addition, DOI estimates that one Administrative Assistant position will be needed per every 500 individuals registered for the program. This analysis assumes that DOI will need a part time Administrative Associate (Salary Grade GN 09) at \$26,195 per year to perform administrative and tracking duties for the program.

It is unknown how many individuals will choose to register for this program, therefore there is no estimate available for the amount of new revenue to the State from the \$200 registration fee.

TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

NC Department of Insurance, NC Office of State Human Resources

FISCAL ANALYSIS MEMORANDUM – PURPOSE AND LIMITATIONS

This document is a fiscal analysis of a bill, draft bill, amendment, committee substitute, or conference committee report that is confidential under Chapter 120 of the General Statutes. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts. This document is not an official fiscal note. If a formal fiscal note is requested, please email your request to the Fiscal Research Division at FiscalNoteRequests@ncleg.net or call (919) 733-4910.

